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Rewald prosecution may rest case tomorrow

By Walter Wright
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The prosecution is expected to rest its case against Ronald Rewald tomorrow at the conclusion of eight weeks of trial, U.S. District Judge Harold Fong said yesterday.

Then Rewald will mount a defense expected to take at least two weeks, ultimately taking the stand himself to tell his story of CIA influence and international intrigue.

Bringing in more evidence on the 98 counts of fraud, perjury and tax evasion, the prosecution yesterday called more government officials and investors to testify.

Robert L. Miller, a staff attorney with the U.S. Securities and Exchange Commission, said Rewald claimed in filings with the SEC that he graduated from Marquette University (Marquette says he did not) and did not acknowledge a 1976 misdemeanor petty theft conviction for violation of Wisconsin's franchise investment laws.

Roger Hood of the Federal Deposit Insurance Corporation staff said claims by Rewald's company that its accounts were insured by the FDIC for \$150,000 were false.

Both men said Rewald or his attorney wrote letters to the agencies blaming "over-eager" subordinates for claims about insurance and investment accounts and assuring that the claims weren't being made and the accounts were being closed out.

Rewald acknowledges receiving investor money under false pretenses but says he did it at CIA instruction to maintain his "cover" as a wealthy businessman.

Rewald's attorneys yesterday acknowledged that evidence shows he transferred more than \$1.3 million from Bishop Baldwin's accounts to accounts he maintained for himself, his wife and his sporting goods ventures. The prosecution contends Rewald actually spent a total of about \$5 million of investor money for his own benefit.

As evidence that Rewald knowingly misreported his income to the Internal Revenue Service, the prosecution introduced financial statements Rewald had given Hawaii National Bank in connection with loan applications. Those statements showed Rewald claimed assets of \$564,000 and annual income of \$70,208 in July 1979 and assets of \$5.2 million and annual income of \$250,208 in October 1981.

Investor Mary McKenna of Honolulu said she invested "all the money I had," \$75,000 in insurance proceeds from an auto accident in which her back was broken, in hopes the promised 20 percent interest would support her and her college-age son. She said another \$72,000 from the sale of

property also went to her account at Bishop Baldwin.

McKenna broke down in tears when she testified that she lost the entire amount, less some "interest" that was paid her periodically. She said she has sold almost everything she owns and has seen her son take on two jobs to try to bring in money.

Earlier yesterday, Rewald's attorneys hammered at the government's chief expert witness, FBI Special Agent Glenn Martin, a certified public accountant, over the fact that Rewald didn't set aside a stash of money with which to flee. Defense attorney Wayne Parsons asked if records didn't indicate Rewald could have stashed millions of dollars from the time in early 1983 when he first learned he was under investigation.

Martin insisted that operators of pyramid or "Ponzi" schemes usually don't set money aside and that Rewald had to keep spending money to keep up appearances or the company would have collapsed sooner.

Parsons suggested a more likely scenario was that Rewald expected a big infusion of funds from supposed arms deals.